

## SENATE BILL No. 405

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-7-2.

**Synopsis:** Computation of worker's compensation premiums. Requires the department of insurance to approve a system of schedule rating based on hours of exposure for premium rates for worker's compensation insurance. Defines "hours of exposure" as worker hours that an employer's workers have been exposed to the hazards found within a particular business or industry classification.

**Effective:** July 1, 1999.

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January 11, 1999, read first time and referred to Committee on Pensions and Labor.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## SENATE BILL No. 405

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A BILL FOR AN ACT to amend the Indiana Code concerning labor and industrial safety.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1       SECTION 1. IC 27-7-2-2 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 1999]: Sec. 2. As used in this chapter and  
3 unless a different meaning appears from the context:  
4       (a) "Department" means the department of insurance of this state.  
5       (b) "Worker's compensation board" means the worker's  
6 compensation board of Indiana.  
7       (c) "Company" means an insurance company and includes all  
8 persons, partnerships, corporations, or associations engaged in making  
9 worker's compensation insurance under the laws of this state.  
10       (d) "Domestic company" means a company organized under the  
11 laws of this state.  
12       (e) "Foreign company" means a company organized under the laws  
13 of any state of the United States, other than this state or under the laws  
14 of any territory or insular possession of the United States or the District  
15 of Columbia.  
16       (f) "Alien company" means a company organized under the laws of  
17 any country other than the United States or a territory or insular

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possession thereof or of the District of Columbia.

(g) "Person" includes individuals, corporations, firms, companies, associations, and partnerships. The personal pronoun includes all genders. The singular includes the plural, and the plural includes the singular.

(h) "Commissioner" means the insurance commissioner of this state.

(i) "Bureau" means the worker's compensation rating bureau of Indiana.

(j) "Interested person" means any person who has filed with the department a request to be notified under sections 4(b) and 20.2(c) of this chapter of each filing of rates by the bureau or a company.

(k) "Assigned risk plan" means the plan by which members of the worker's compensation rating bureau provide for the insurance of rejected risks.

(l) "Classification system" or "classification" means the plan, system, or arrangement for recognizing differences in exposure to hazards among industries, occupations, or operations of insurance policyholders.

(m) "Experience rating" means a rating procedure utilizing past insurance experience of the individual policyholder to forecast future losses by measuring the policyholder's loss experience against the loss experience of policyholders in the same classification to produce a prospective premium credit, debit, or unity modification.

(n) "Rate" means the cost of insurance per exposure base unit, prior to any application of individual risk variations based on loss or expense considerations, and does not include minimum premiums.

(o) "Schedule rating plan" means an independent rating plan that measures hazard differences that have an immediate bearing on the probability or severity of loss and applies debits and credits to modify the premium for a risk.

(p) "Statistical plan" means the plan, system, or arrangement used in collecting data.

(q) "Supplementary rate information" means any manual or plan of rates, classification system, rating schedule, minimum premium, rating rule, rating plan, and any other similar information needed to determine the applicable premium for an insured.

(r) "Supporting information" means the experience and judgment of the filer and the experience or data of other companies or organizations relied on by the filer, the interpretation of any statistical data relied on by the filer, descriptions of methods used in making the rates, and any other similar information required to be filed by the commissioner.

(s) "**Hours of exposure**" means **worker hours during which an**

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1     **employer's workers have been exposed to the hazards found within**  
2     **a particular business or industry classification.**

3     SECTION 2. IC 27-7-2-15 IS AMENDED TO READ AS  
4     FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. The department  
5     shall, after consultation with members of the bureau and after  
6     investigation, approve a system of schedule rating **based on hours of**  
7     **exposure** for use in this state. Only the system filed by the bureau and  
8     approved by the department may be used in Indiana.

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